

## Highlights:

- In the United States, 17 million low-income women and adolescents are in need of publicly funded family planning services.
- Title X and other sources of federal funding are insufficient to meet the enormous need for publicly supported family planning services.
- The federal Medicaid Section 1115 Demonstration Program offers an additional and substantial mechanism through which states can increase eligibility for family planning and related reproductive health services under Medicaid.
- Currently, 18 states have applied for and received federal Medicaid waivers, which reimburse 90% of the cost for family planning services and supplies.
- California's Family PACT Program illustrates the dramatic health and monetary benefits that can be achieved by a waiver program.

## Fact Sheet On

# Federal Medicaid Waivers:

## An Underutilized Source of Funding for Family Planning

### Background

Nearly 17 million women and adolescents currently need publicly funded family planning services in the United States.<sup>1</sup> Yet sources of federal funding for family planning and reproductive health services remain limited. Inflation-adjusted funding for Title X – the only federal program specifically dedicated to providing family planning services – has declined by 60% since 1980.<sup>2</sup> Other sources of funding, such as the Maternal and Child and Social Services block grants, provide limited services and represent a combined federal contribution of only 10% of needed funds for contraceptive services and supplies.<sup>3</sup> Through Medicaid, the federal government pays 90% and states pay 10% of family planning program costs; however, stringent income and other eligibility requirements for the program exclude a significant proportion of low-income women and men in need of services. As a result, some states have sought alternative mechanisms to obtain federal funding for family planning and reproductive health services for their low-income residents.

### Medicaid Waiver Program

The Medicaid Section 1115 Demonstration Program enables states to apply for federal matching funds to subsidize new approaches for expanding Medicaid coverage and service delivery. The Centers for Medicare and Medicaid Services (CMS, formerly the Health Care Financing Administration) reviews and approves waiver applications, which are initially granted for five years with an option for renewal. Waivers require that federal Medicaid health spending does not exceed that which it would be without the waiver (known as “budget neutrality”), and since 2001, waiver programs must include referrals to primary care services.

### State Approaches

To date, 18 states have obtained Medicaid waivers using one of three approaches to expand access to family planning services:<sup>4</sup>

- Six states (AZ, FL, MD, MO, RI, & VA) provide family planning services to women losing Medicaid coverage postpartum, with eligibility lasting from one to five years.
- Two states (DE & IL) extend family planning services for women losing Medicaid coverage for any reason, with eligibility lasting two and five years, respectively.
- Ten states (AL, AR, CA, MS, NM, NY, OR, SC, WA, & WI) base eligibility for family planning services on income, with ceilings ranging from 133–200% of the Federal Poverty Level.

The majority of waiver states provide family planning services to eligible adult and adolescent women. In addition, four programs (CA, NY, OR, & WA) include coverage for men, while three (AL, IL, & NM) limit coverage to women ages 19 and older. Five other states (CO, IA, MN, NC, & OK) currently have waiver applications pending with CMS.

### Family PACT Program

California's Family PACT Program provides clinical services for family planning and reproductive health at no cost to low-income residents, filling a critical gap in health care for the indigent, uninsured, and working poor. Women and men are eligible if they reside in California, are at risk of pregnancy or causing pregnancy, have a gross family income at or below 200% of the Federal Poverty Level,<sup>5</sup> and have no other source of health care coverage for family planning services. Family PACT is administered by the California Department of Health Services, Office of Family Planning.



This legal entitlement program, the first of its kind in the U.S., was initiated in 1997 with state funds. Upon receipt of its Medicaid waiver in 1999, California was able to extend the reach of Family PACT substantially:<sup>6</sup>

- Between fiscal years (FY) 97/98 and 02/03, the number of clients receiving Family PACT services more than doubled – from 0.75 million to 1.57 million – and the number of rendering clinician providers grew by nearly 50% – from 1,945 to 2,835.
- Of the estimated 2.34 million Californian women in need of publicly funded family planning services in FY 02/03, 51% were served by Family PACT, a dramatic increase from the 30% served during the program's first year. With an estimated 23% served by Medi-Cal, the state's Medicaid program,<sup>7</sup> unmet need has been reduced to about 26%.
- During the same five-year period, the total reimbursement received by participating providers increased from \$114 million to \$414 million.

Family PACT has had a dramatic impact since its implementation in 1997. The contraceptive services provided in the program's first year alone averted an estimated 108,000 unintended pregnancies. These pregnancies would have resulted in 50,000 unintended births, 41,000 induced abortions, 15,000 miscarriages, and 1,400 ectopic pregnancies. The program is also cost-effective: every dollar spent on Family PACT services during FY 97/98 saved an estimated \$4.48 in medical and social services costs. The 108,000 pregnancies prevented during this time would have cost more than \$512 million in public expenditures.

## Other Success Stories

Evaluations of waiver programs in other states reveal equally positive outcomes. For example:

- In just three months, nearly 12,000 women received services under Arkansas' waiver.<sup>8</sup> Maryland's program served nearly 5,000 women in its first year of operation, while New Mexico provided services to approximately 5,500 women in the first six months of its program.<sup>9</sup>

- Rhode Island's program has resulted in a 50% decrease in the number of women becoming pregnant within nine months of a previous birth, and in three years it averted 1,443 pregnancies, saving the state \$14.3 million in delivery and newborn expenses.<sup>10</sup>

CMS recently commissioned the first national evaluation of Medicaid family planning waiver programs and determined that these programs have resulted in increased access to family planning services at a cost-savings to both state and federal governments.<sup>11</sup>

## Future Steps

The majority of states (27 to date) are not using this substantial health and fiscal resource, resulting in under-funding of public family planning services. Though some states are daunted by the extensive application process, a number of legislators at the federal and state levels are convinced that these programs have proven themselves to be a worthy investment.<sup>12</sup> Given the substantial benefits 18 states are currently reaping under the program, the remainder should consider using this resource in order to ensure that low-income individuals are able to access family planning services regardless of the state in which they reside.

## Conclusion

A large unmet need for publicly funded family planning services nationwide should be seen as an impetus for states to seek additional mechanisms to expand the reach of their programs. Federal Medicaid waivers provide a viable means to extend eligibility for family planning services under Medicaid, yet a majority of states have not yet capitalized on this substantial resource. California's Family PACT Program has achieved considerable results under its waiver, offering a salient model for other states to emulate.

This information was compiled by the University of California, San Francisco, Center for Reproductive Health Research & Policy under contract #00-90982 with the California Department of Health Services – Office of Family Planning.

1 The Alan Guttmacher Institute. Contraception Counts: California. 2004. Available at: [http://www.guttmacher.org/pubs/state\\_data/states/california.html](http://www.guttmacher.org/pubs/state_data/states/california.html). Accessed July 2, 2004.

2 The Alan Guttmacher Institute. *Fulfilling the Promise: Public Policy and U.S. Family Planning Clinics*. New York, NY; 2000.

3 Ibid.

4 The Alan Guttmacher Institute. *State Policies in Brief: Medicaid Family Planning Waivers*. New York, NY; July 1, 2004.

5 For a family unit of one, 200% of the Federal Poverty Level is \$18,620, increasing by \$6,360 for each additional person.

6 Family PACT data presented in this fact sheet are drawn from Family PACT enrollment and claims data, and the Family PACT Program Report. Unpublished report 2004.

7 Greene D, Bley J, Mikanda J, Darney P, Stewart F. 2003. Access to Family Planning Services in the Era of Welfare Reform - Impact of the California Program. Paper presented at the Annual Meeting of the Population Association of America. Minneapolis, MN May 1-3.

8 Gold, RB. State Efforts to Expand Medicaid-Funded Family Planning Show Promise. *The Guttmacher Report on Public Policy*, April 1999.

9 Ibid.

10 Ibid.

11 Gold, RB. Doing More for Less: Study Says State Medicaid Family Planning Expansions Are Cost-Effective. *The Guttmacher Report on Public Policy*, March 2004.

12 Gold, 1999.